

Date of Hearing: May 6, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

AB 1779 (Davies) – As Amended April 23, 2026

Policy Committee: Health

Vote: 16 - 0

Urgency: No

State Mandated Local Program: No

Reimbursable: No

SUMMARY:

This bill requires a licensed alcohol or other drug (AOD) recovery or treatment facility (RTF), certified AOD program, or laboratory that provides air transportation to provide round-trip transportation, and makes other requirements related to transportation provided to a person seeking recovery or treatment. The bill also prohibits programs from specified practices to induce a person to enter or stay in a treatment or recovery program.

Specifically, this bill:

- 1) Requires a licensed RTF, certified AOD program, or laboratory that provides transportation to an individual seeking recovery or treatment services do so under the following additional conditions:
 - a) The cost of the transportation needed by the individual to receive recovery or treatment services would be prohibitive for the individual without assistance from the laboratory, facility, or program.
 - b) The assistance is not contingent upon the individual's agreement to enroll in, remain in, or attend any particular program owned or operated by the provider.
 - c) The assistance is limited to the actual cost of the transportation and does not include cash, a gift card, or other financial incentives.
 - d) If air transportation is provided, the ticket is a round-trip ticket that the individual may use upon discharge.
 - e) The RTF, AOD program, or laboratory obtains written acknowledgment by the individual that the transportation is not tied to insurance benefits or program participation.
 - f) The RTF, AOD program, or laboratory documents the purpose and cost of the transportation.
- 2) Requires the RTF, AOD program, or laboratory aggregate the transportation information and do the following:
 - a) Publish, at least annually, on its website the aggregated information without personally identifiable information.

- b) Retain the information for a minimum of five years and provide the information to the Department of Health Care Services (DHCS) upon request.
- 3) Specifies that the following practices that are prohibited in referring a person to treatment are also prohibited with respect to inducing a person to enter treatment:
- a) Influencing or inducing an individual to enter, remain in, or transfer between treatment or recovery programs.
 - b) Securing referrals.
 - c) Recruiting individuals for treatment.
 - d) Increasing insurance-funded billing or patient volume.
 - e) Engaging in patient brokering or similar practices.

FISCAL EFFECT:

Likely minor and absorbable costs to DHCS to check for compliance during compliance visits of certified AOD programs and licensed RTFs every two years.

COMMENTS:

- 1) **Purpose.** This bill is sponsored by California Consortium of Addiction Programs and Professionals (CCAPP). According to the author:

California has seen troubling cases of patient brokering and inducements including plane tickets, gift cards, and subsidized housing used to attract or retain individuals in treatment programs based on insurance value rather than clinical need. These practices can disrupt continuity of care, separate patients from local support systems, and drive unnecessary billing. While existing law addresses some concerns, stronger and clearer guardrails are needed. [This bill] explicitly prohibits remuneration intended to influence enrollment, retention, transfers, or referrals, and increases transparency around...transportation assistance. The bill preserves legitimate support services while ensuring they are not tied to insurance benefits or program participation.

- 2) **Background.** The US Department of Justice (DOJ) is investigating and has pursued criminal charges against substance abuse treatment facility owners and patient recruiters/brokers in Southern California under the federal Eliminating Kickbacks in Recovery Act (EKRA) of 2018 EKRA. The effort is part of the "Sober Homes Initiative." In March 2025, the owner of several addiction treatment facilities in Orange County was sentenced to 41 months in prison for paying "patient brokers" based on the volume or value of referrals to their facilities. These brokers also paid patients to continue treatment in specific facilities. In May 2025, the owner of multiple Southern California addiction treatment facilities and an accounts payable supervisor were indicted for paying brokers for referrals based on monthly quotas, disguising these per-patient fees as hourly marketing rates. In June 2025, the CEO of several substance

use disorder treatment facilities and sober homes was indicted for allegedly paying marketing entities for patient referrals using volume-based payments.

- 3) **Related Legislation.** AB 2614 (Dixon) prohibits any person from offering, paying, soliciting, or receiving a commission, benefit, bonus, or other form of remuneration or from engaging in a split-fee arrangement to induce a referral to an RTF or in return for acceptance of an individual into an RTF. AB 2614 was referred to, but did not receive a hearing in, the Assembly Health Committee.

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